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INDUSTRIALIZATION OF THE LEAST DEVELOPED COUNTRIES

Implementation of the least developed countries programme

Progress report by the Director-General

Summary

Updates the information provided in documents GC.7/9 and Add.1 and reports on activities in support of least developed countries from October 1997 to March 1998.

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Introduction

1. The present document updates and supplements information provided in document GC.7/9/Add.1 and thus covers activities and special programmes that were initiated or implemented during the period 1 October 1997 to 1 March 1998. The report should also be read in conjunction with the Annual Report of UNIDO 1997 (IDB.19/10, chap. V.G).

I. IMPLEMENTATION

2. Delivery of UNIDO services and technical cooperation to the least developed countries (LDCs) in 1997 reached a level of $12 million, indicating an increase of 17.5 per cent as compared to 1996. This included $11.2 million (93 per cent) for African LDCs, including Arab LDCs in the region. Moreover, these figures do not include regional, interregional and global projects from which LDCs have benefited together with other developing countries.

3. Within the context of special regional programmes for African and Asian LDCs, the implementation of the following programmes was actively pursued during the reporting period:

(a) As a follow-up to the needs assessment project in 18 African and 8 Asian LDCs, country-specific projects were developed dealing with business information networking. The main objective of the project RAINBO (Regional African Information Network for Business Opportunities) is to network the existing information resources in African LDCs and make them available and accessible to all users (domestic and international business communities) through the Internet. The project will establish the basis for a one-stop shop, identifying value-added services that can be provided to small and medium industries (SMIs) which are currently not being serviced. The project documents are being sent to relevant United Nations Development Programme offices and potential donors for financial consideration. A similar project is being developed for small island developing states, most of which are LDCs;

(b) As part of a preparatory assistance project examining existing physical and institutional capacities in 10 African and 5 Asian LDCs in quality control, standardization, testing and metrology (QSTM), two subregional meetings were held in 1997: at Arusha, United Republic of Tanzania (28-30 October) and at Vientiane, Lao People's Democratic Republic (12-14 November). The meetings adopted three subregional programmes (two for English- and French-speaking African LDCs and one for Asian LDCs) to identify priority needs of concerned LDCs and formulating specific recommendations to strengthen their local QSTM capacities. The programme for African LDCs is being developed as a high-impact programme for submission to potential donors;

(c) As a regular feature of UNIDO's LDC programme, the Fourth Ministerial Symposium on the Industrialization of the Least Developed Countries was held in Vienna from 26 November to 5 December 1997 in tandem with the seventh session of the General Conference. The Symposium provided a forum for Ministers to discuss industrial competitiveness in LDCs within the context of increasing globalization. The conclusions and recommendations adopted by the Symposium, as well as a programme of action for the biennium 1998-1999, were annexed to General Conference resolution GC.7/Res.4.

4. In cooperation with the International Jute Organization, a new project will focus on the biotechnological application of enzymes for making pulp and paper from green jute/kenaf in Bangladesh. Approved in October 1997 with financing by the Common Fund for Commodities ($1.5 million), the project will lead to sustained demand for raw jute, thereby safeguarding the interests of a large number of jute farmers. The process will also help to reduce consumption of polluting chemicals and to reduce costs in paper-making industries. As executing agency, UNIDO will provide technical expertise and assistance in pulp and paper manufacturing using non-wood raw material.

5. UNIDO involvement in the Economic and Social Commission for Asia and the Pacific (ESCAP) Meeting of Ministers of Industry and Technology (Bangkok, 23-24 February 1998) included participation in the preparatory Regional Dialogue on Promoting Industrial and Technological Complementarities (Beijing, 23-26 November 1997). Extensive discussions by the Ministers focused on LDCs in the region. The meeting also reviewed UNIDO/ESCAP cooperation in capacity-building, technology transfer, investment and technology promotion, development of agro-based industries and requisite institutional strengthening for LDCs in Asia and the Pacific.

II. FOCUS ON PRIORITY PROGRAMMES

6. The LDC programme will continue to give highest priority to such programmes as capacity-building and upstream activities, human resources development with special emphasis on development of entrepreneurship for women, SMIs, investment promotion as well as environmental programmes. In particular, the focus for the current biennium will be on the recommendations and conclusions of the Fourth Ministerial Symposium, which will be transcribed into special activities at the global, regional or country level.

7. UNIDO will strengthen its cooperation with LDC programmes of other United Nations agencies. Information on UNIDO inputs to the pilot seminar on mobilization of investment funds to LDCs was provided in document GC.7/9/Add.1 (para. 3). Jointly sponsored with the United Nations Conference on Trade and Development (UNCTAD) in June 1997, the seminar generated a follow-up project for joint UNIDO/UNCTAD implementation. The project focuses on building capacity in the LDCs to attract foreign investment through venture capital funds, and UNIDO's role will be to train entrepreneurs in investment project preparation and to cooperate in organizing regional and subregional workshops.

8. In the spirit of inter-agency cooperation as well as in response to the recommendations of the Fourth Ministerial Symposium, UNIDO will cooperate closely with the World Trade Organization (WTO) in follow-up activities and implementation of the recommendations of the WTO High-Level Meeting on LDCs held in Geneva in October 1997. Contacts have been established to work out the practical modalities.

9. Every effort will be made to ensure that LDCs receive the highest benefit from the new integrated UNIDO products that the Director-General is developing for the biennium 1998-1999 for UNIDO services. These integrated products will cover dimensions such as poverty alleviation and employment creation as well as small and medium enterprise development, quality and standardization, and environmental programmes.

10. In the light of the highest priority being given to Africa and LDCs in the Business Plan, the Director-General has specifically decided that "in the new UNIDO, every division and branch will be held accountable for both the quality and level of their programme delivery in Africa and LDCs." The Director-General will provide further specific instructions on the relevant mechanisms to ensure the accountability of all UNIDO divisions and branches to the LDC programme.

III. ACTION REQUIRED OF THE BOARD

11. The Board may wish to take note of this information provided in the present document.